

"Limited gaming" was defined as using slot machines or playing card games (black-jack or poker) with a maximum single bet of five dollars. The activity is restricted to just three sites in the state: Central City, Black Hawk and Cripple Creek. Two additional casinos are located in the southwestern part of the state on Indian reservation land belonging to the Ute Mountain Ute and the Southern Ute Tribes. While Colorado has a compact with the two tribes pertaining to gaming activities, their casinos are subject to taxation nor are they required to report their revenues to the state.

In the three mountain towns, however, gaming is so tightly controlled that even the casino structures must conform to pre-World War I designs so that their architectural styles fit in with the existing buildings. Gaming establishments are confined to the commercial districts of the three towns and cannot operate between 2:00 a.m. and 8:00 a.m.

The Limited Gaming Control Commission in the Division of Gaming falls under the aegis of the Department of Revenue. Commission members are appointed by the Governor and confirmed by the state Senate. The five members cannot include more than three from one political party, and no two members can live in the same congressional district, which means that five of Colorado's six congressional districts have a representative on the commission. The commission must include a law enforcement officer, a practicing attorney with experience in regulatory law, a certified public accountant or public accountant with corporate finance experience, a management-level business person, and a registered voter who is not employed in any of the preceding professions. Members serve staggered four-year terms and are compensated in a similar manner as the Lottery Commission, though there is a maximum limit of \$10,000 per member per year. Five types of licenses, which must be renewed annually, are issued by the commission. Slot machine manufacturers, distributors and operators pay \$1,000 per license, while the cost for a retail gaming license is \$250. A person in charge of all gaming activities at a casino, known as a key employee, pays \$150 for an initial license, \$100 for a renewal. Support employees pay \$100 for original licenses, \$75 for renewals.

In addition to overseeing gaming activities, the commission is required to set the gaming tax rate on an annual basis. Currently in effect is a four-tiered system under which the licensees pay percentages of their adjusted gross proceeds into the Limited Gaming Fund. From that fund, the state Treasurer pays all commission expenses and all costs of running the Division of Gaming. No state general fund-money is used to finance any portion of limited gaming, and other than keeping a required balance in the account, the Treasurer distributes the remainder in the fund at the end of each fiscal year.

Distribution of the Limited Gaming Fund is established by the General Assembly (Colorado Revised Statutes, 12-47.1-701). In addition, the General Assembly has the discretion to further designate portions from the general funds's 50% share. For fiscal year 1994-95, the lawmakers allocated portions to the Tourism Promotion Fund, the Municipal Impact Fund, the Contiguous County Fund and the Colorado Department of Transportation.

There had been concern that local government entities were ill-equipped to handle the projected increase in crime and traffic control. Some citizens worried that their towns would struggle to deliver some of the most basic necessities, including an adequate water supply, even with the increased money coming their way.

The Contiguous County Impact Fund is a response to the increased governmental services associated with gaming, including additional law enforcement and social services. Money is distributed to the eight counties immediately surrounding Gilpin and Teller Counties and also to the three counties in southwest Colorado bordering the Indian gaming areas.

Lawmakers have set aside 2.4% from the general fund allotment for the state Highway Fund beginning in fiscal year 1995-96 and continuing each year thereafter. This fund transfer is to help offset the increased cost of road maintenance due to limited gaming.

The amount earmarked for the state Historical Fund is apportioned in a 20/80 split, with 20% going to the three towns in proportion to their gaming revenues and 80% to other historical preservation and restoration projects throughout the state. (Source Colorado Division of Gaming, Gaming in Colorado—Factbook & 1995 Abstract)

LOOKING AHEAD

Every year during the legislative session, state lawmakers consider new bills related to the gaming industry. In the 1996 session these proposals ran the gamut from prohibiting anyone under 21 from being in gaming areas to establishing a Compulsive Gambling Prevention Program. One bill authorizes the use of portable, hand-held electronic bingo minders that will aid persons with disabilities.

A bill expanding simulcast coverage of horse races to additional off-track betting sites became law, while one establishing a fee, payable by owners of racing animals, to cover random drug testing of the animals did not. This function is currently being provided by the Department of Revenue at a cost in 1994-95 of nearly \$300,000 from the general fund. A resolution was proposed to earmark \$7 million or at least 25% of GOCO's annual lottery proceeds for construction and maintenance of highway rest areas. This resolution was not adopted by the lawmakers, nor was another that would have increased the maximum allowable bet in limited gaming establishments from \$5 to \$100. It would also have permitted additional games, including craps, roulette and baccarat. Similar measures will likely be introduced in future years. Immediately after limited gaming began in the three mountain towns, numerous other communities tried to gain approval to expand this revenue source to their towns. As yet, none has been successful, but the debate continues over the merits of this seemingly "easy" source of money. Some critics question whether the historical significance of the gaming towns is being gradually obscured. If this is so, is the revenue brought in a worthwhile tradeoff?

An editorial in the April 14, 1996, Rocky Mountain News was less than enthusiastic about the expansion of and dependence on gambling as a public revenue source. It stated, "the main reason for this growth is that states and communities have locked onto gambling as a quick-fix *** at a time of widespread anti-tax sentiment." It also pointed out that the poor gamble more than the affluent, citing a Maryland study which showed people with annual incomes over \$50,000 spent \$2.57 a week on lottery tickets, while those earning less than \$10,000 spent \$7.30.

While some may think using gambling as a revenue source is questionable public policy, an article in the April 16, 1996, issue of The Denver Post pointed out that, according to a recent survey, Colorado residents visit casinos twice as often as the national average. With the popularity of the gaming industry growing so quickly, the article predicts that

casinos will pass spectator sports this year and become second only to movies as a form of entertainment in the United States.

Pros and cons of the gaming industry are argued in many forums, and a consensus opinion will possibly never be achieved. It is apparent, though, that those empowered to implement gaming in Colorado have done so with a great deal of regulatory control. As the industry continues to develop, it appears certain that all of the interested parties will be monitoring it closely.

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1997

SPEECH OF

HON. ROB PORTMAN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 11, 1996

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 3755) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies, for the fiscal year ending September 30, 1997, and for other purposes:

Mr. PORTMAN. Mr. Chairman, I rise to express my strong support for the amendment offered by the gentleman from Kentucky [Mr. BUNNING].

As you know, a recent General Accounting Office [GAO] report brought to our attention the recent surge in taxpayer-financed spending for union activities at the Social Security Administration. Mr. Speaker, I strongly believe we need to protect the Social Security trust funds to ensure the security of the benefits that our seniors deserve.

I do not challenge the right of Social Security Administration employees to have representation—but I do challenge the fact that money from the Social Security trust funds, which is collected from the payroll taxes of millions of hard-working Americans, is being used to finance greatly expanded union activity over the past few years.

Let's insure the integrity of the Social Security trust funds and put an end to this abuse of taxpayer dollars. I urge my colleagues to support the Bunning amendment.

REMARKS AT THE NAMING CEREMONY FOR THE USNS GORDON

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 12, 1996

Mr. MURTHA. Mr. Speaker, on July 4th I was the speaker at the naming of the USNS Gordon.

The ship was being named for a Congressional Medal of Honor winner killed in Somalia. Mrs. Gordon spoke to the audience, and I thought her words were so appropriate to the ceremony, and to describing what it means to be part of the American military, and to be part of an American military family.

I thought it was very appropriate for Mrs. Gordon's remarks to be part of the CONGRESSIONAL RECORD.